

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.)	Case No. 17-32-EL-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 17-33-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 17-34-EL-AAM
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Modify Rider PSR.)	Case No. 17-872-EL-RDR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Amend Rider PSR.)	Case No. 17-873-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 17-874-EL-AAM
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.)	Case No. 17-1263-EL-SSO
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Amend its Certified Supplier Tariff, P.U.C.O. No. 20.)	Case No. 17-1264-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Defer Vegetation Management Costs.)	Case No. 17-1265-EL-AAM
)	

In the Matter of the Application of Duke)
Energy Ohio, Inc., to Establish) Case No. 16-1602-EL-ESS
Minimum Reliability Performance)
Standards Pursuant to Chapter 4901:1-)
10, Ohio Administrative Code.

PREFILED TESTIMONY IN RESPONSE TO OBJECTIONS TO THE STAFF
REPORT

OF

JAMES W. SCHWEITZER
GRID MODERNIZATION AND SECURITY DIVISION
RATES AND ANALYSIS DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT____

July 2, 2018

1 1. Q. Please state your name and your business address.

2 A. My name is James W. Schweitzer. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.
4

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO or
7 Commission) as Project Manager in the Grid Modernization and Security
8 Division of the Rates and Analysis Department.
9

10 3. Q. Would you briefly state your educational background and work experience?

11 A. I received a Masters in Business Administration from The Ohio State
12 University after having earned a Bachelor of Science in Business
13 Administration from The Ohio State University, with a major in
14 Accounting.

15 Upon graduation from The Ohio State University, I was employed by
16 Columbia Gas Distribution Companies (Columbia Gas) in Columbus, Ohio,
17 holding various positions, as a rate analyst, a manager of rates and
18 regulatory affairs, and as a team leader in the rates and regulatory affairs
19 department. I have testified on behalf of Columbia Gas before the
20 Commissions in New York, Kentucky, Virginia, and Pennsylvania. In
21 2003, I briefly worked for Nicole Energy Marketing, located in Westerville,
22 Ohio, as a Director of Regulatory Affairs. Thereafter, I joined the PUCO as

1 a Public Utilities Administrator 2 in November 2003 and assumed my
2 current position in December 2016.

3
4 4. Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to address objections regarding smart grid
6 issues by the Ohio Consumers' Counsel (OCC) to the PUCO Staff report.

7
8 5. Q. In Objection 11, the OCC states that the Staff Report failed to address
9 whether Duke's current smart grid infrastructure delivers all of the
10 capabilities and functionality that Duke promised it would in past cases and
11 in its application to the U. S. Department of Energy for federal funding.¹
12 Please address this objection.

13 A. Objection 11 is outside the scope of this proceeding. In the Stipulation and
14 Recommendation from the Mid-deployment Review of Duke's Smart Grid
15 in Case No. 10-2326-GE-RDR, filed on February 24, 2012, all parties
16 agreed that Duke would file a rate case in the year after full deployment
17 "such that the revenue requirement requested in that case will reflect the
18 level of the benefits attributable to SmartGrid which have actually been
19 achieved by the Company and all prudently incurred current costs

¹ *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates*, Case No. 17-32-EL-AIR, et al., Objections to the Staff Report by OCC at 12 (Oct. 26, 2017) (*Duke Rate Case*).

1 associated with the program.”² OCC was a signatory party to that
2 Stipulation.

3
4 6. Q. In Objection 12, the OCC states that the Staff Report failed to address
5 whether Duke’s current smart grid infrastructure is capable of providing
6 customers with safe, reliable, and reasonably priced electric service as
7 required by R.C. 4928.02(A).³ Please comment on this objection.

8 A. Objection 12 is outside the scope of this proceeding.
9

10 7. Q. In Objection 13, the OCC states that the Staff Report failed to address the
11 prudence of Duke’s spending on smart grid infrastructure.⁴ Additionally, in
12 Objection 15, the OCC states that the Staff Report failed to address whether
13 Duke’s current smart grid infrastructure is used and useful for consumers,
14 as required by R.C. 4909.15 (A)(1).⁵ How do you respond?

15 A. The assets and expenses included in this rate case that are associated with
16 the Duke Smart Grid have historically been in Duke’s Rider DR-IM. The
17 Commission has approved Rider DR-IM annually since 2010 (Case No. 09-
18 543-GE-UNC). OCC has been a party each year in these Rider DR-IM

² *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Gas and Electric Recovery Rate for 2010 SmartGrid Costs under Riders AU and Rider DR-IM and Mid-deployment Review of AMI/SmartGrid Program*, Case No. 10-2326-GE-RDR, Stipulation and Recommendation at 7 (Feb. 24, 2012) (*Duke SmartGrid Case*).

³ *Duke Rate Case*, Objections to the Staff Report by OCC at 13.

⁴ *Id.* at 13-14.

⁵ *Id.* at 14.

1 cases. Each year, an audit of the expenses included in this Rider has been
2 conducted to determine the reasonableness and the prudence of the
3 expenses that Duke would be permitted to collect through this Rider.
4 During the audit, only the expenses associated with assets that are deemed
5 ‘used and useful’ are approved to be included in the Rider.
6 Since the smart grid costs in this rate case originated in Rider DR-IM, these
7 expenses have already been approved as prudent and used and useful.
8

9 8. Q. In Objection 14, the OCC claims that the Staff Report failed to address
10 whether the revenue requirement in this case reflects the savings that have
11 been achieved for customers from Duke’s smart grid investments.⁶ Do you
12 agree?

13 A. No. Staff understands that the level of expenses included in this base rate
14 case reflect the beneficial impact of Duke’s completed smart grid project.
15 On October 22, 2015, Staff filed its Notice of Staff Determination in the
16 Duke SmartGrid case declaring that Duke had achieved the full deployment
17 of its smart grid project.⁷ From that date forward, the benefits of the smart
18 grid would be reflected in Duke’s operating expenses. Expenses included
19 in the test period in this rate case have been impacted by the full

⁶ *Id.* at 13-14.

⁷ *Duke SmartGrid Case*, Notice of Staff Determination (Oct. 22, 2015).

1 deployment of Duke's smart grid project and inherently include the
2 savings, or benefits, of the smart grid.

3

4 9. Q. Does this conclude your testimony?

5 A. Yes. However, I reserve the right to submit supplemental testimony as new
6 information subsequently becomes available.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Pre-filed Testimony Responding to Objections to the Staff Report James W. Schweitzer has been served upon the below-named counsel via electronic mail, this 2nd day of July, 2018.

/s/ Steven L. Beeler

Steven L. Beeler

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Summary: Testimony Prefiled Testimony in Response to Objections to the Staff Report of James W. Schweitzer electronically filed by Ms. Tonnetta Scott on behalf of PUC